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April 22, 1994

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

EX PARTE

William F. Caton
Acting Secretary
Federal Communications Commission
Mail Stop 1170
1919 M Street, N.W., Room 222
Washington, D.C. 20554

Dear Mr. Caton:

Re: *Ex Parte Presentation: CC Docket 92-77-~~Billed Party Reference~~*

On April 20, Derek Hibbard and Nancy Woolf, both of Pacific Bell, and I met with Karen Brinkmann of Chairman Hundt's office, Rudy Baca of Commissioner Quello's office, and Jim Colthorp of Commissioner Barrett's office to discuss CC Docket 92-77. The attached document was provided during the presentation. Please associate this material with the above-referenced proceeding.

Two copies of this notice are being submitted to the Secretary of the FCC in accordance with Section 1.1206(a)(1) of the Commission's Rules.

Please stamp and return the provided copy to confirm your receipt. Please contact me should you have any questions or require additional information concerning this matter.

Sincerely,



Attachment

cc (w/out attachment):

Karen Brinkmann
Jim Colthorp
Rudy Baca

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Figures are annual

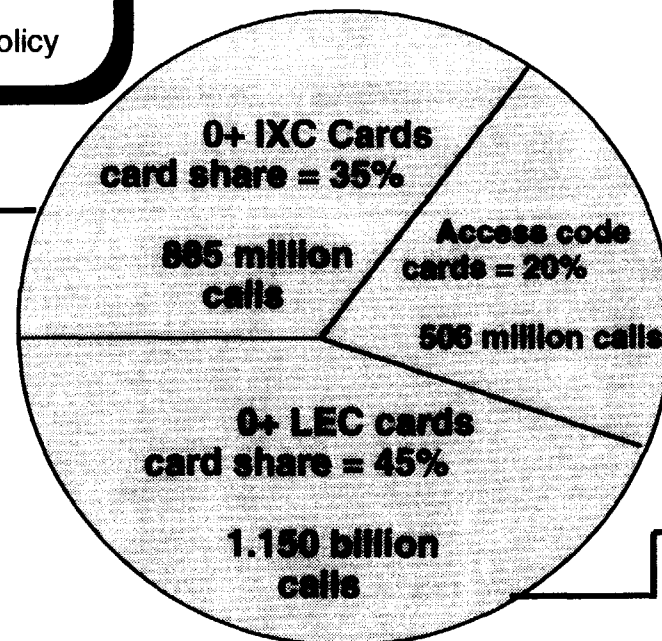
PB analysis shows the current problem is not limited to a few calls

This is our best guess at the magnitude of the issue. The information is extrapolated from publicly available data.

0+ IXC cards are used at non-AT&T phones 32% of time (AT&T station share = 68%)

The number of potentially frustrating calls is thus 283 million (885 mil x 32%) minus an intraLATA component.

- Hang up and try again using 10-XXX = 30 extra digits (this is less of an issue to the extent signage/education works)
- 10-XXX could be blocked by premise owner or due to LEC policy

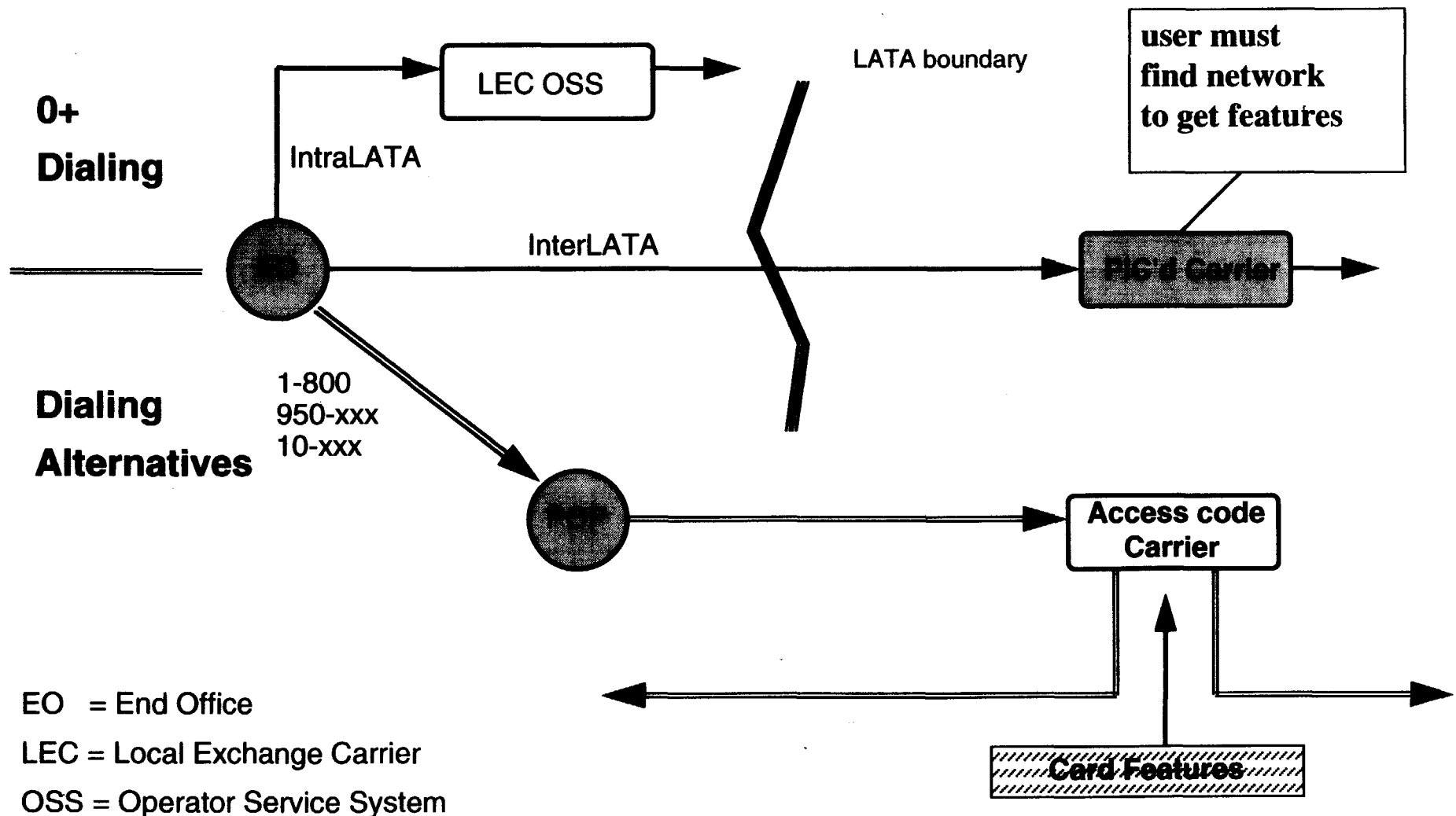


These cards are not designed for 0+ dialing. The result is an inferior design and a total of 100% (506 million) of the calls require an access code and or 800 number.

The concern here is interLATA calls - the card user has no choice over rates and features because they can't control carrier selection.

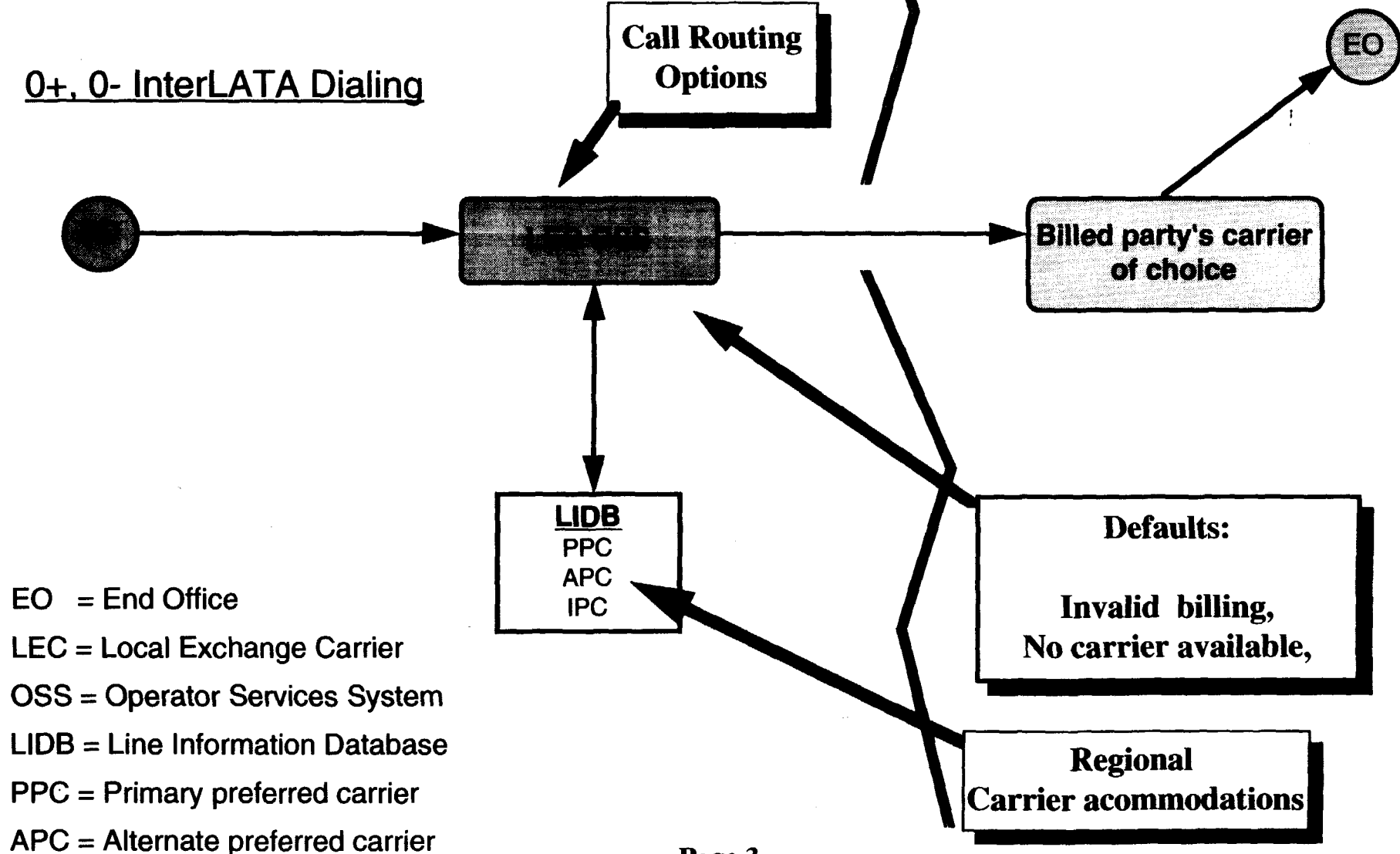
Note; collect and bill to third calls are also affected.

Current Network



Billed Party Preference - Basic Design

0+, 0- InterLATA Dialing



EO = End Office

LEC = Local Exchange Carrier

OSS = Operator Services System

LIDB = Line Information Database

PPC = Primary preferred carrier

APC = Alternate preferred carrier

BPP - Consumer Benefits

BPP provides clear consumer benefits

- **Dialing convenience and choice of 0+ card issuer**
 - **Faster call processing**
 - **Rate and carrier assurance, simpler bills**
 - **0+ calling card features**
 - **Indirect benefits from a more competitive market.**
- **The benefits will shift from premises owner commissions to end user security, value, and ease of use.**
 - **All IXC's and OSPs will be able to advocate 0+ dialing, not just AT&T**

Equal Access

Other Changes

Contrary to popular belief, BPP does not eliminate jobs - it appears as if OSPs can in fact survive structural changes.

For example, even OSPs claim they can focus on end users.

- **Public Communications February '94 article says *"OSP's are starting to offer cafeteria style capabilities in their business," and goes on with "Many are starting to offer products like 800 residential services; calling cards,; international services; 1+ business services; and prepaid calling card services."***
- **The same article identifies a few players.**
 - **Oncor Communications Inc.**
 - **Teletrust**
 - **Polar Communications Corp.**

At least in California, LEC arrangements changes the role of intelligent sets.

The operator services industry continues to consolidate.

Dial Around Changes

In the last six months, the following has occurred...

- **Emprical evidence shows 1-800 Collect and 1-800-CALL ATT are emerging as popular options.**
- **AT&T has agreed to pay premises owners/agents 25 cents per 800 dial around call.**

The BPP implications are as follows:

- **The 25 cents provides an interesting comparison to BPP's projected unit cost of around 10 cents per call.**
- **The use of 800 access could strand a key market player/competitor; the LEC - for both prepaid cards and most calling card features.**

Billed Party Preference - Summary

To date, BPP is the only identified solution to the fundamental network routing problem. All other possible solutions only scratch the surface.

- **Unblocking does not change the location monopoly dynamics nor does it provide any IEC other than AT&T 0+ calling cards.**
- **Improved consumer education and signage at best will only clarify for the consumer that there is a fundamental problem with this aspect of the "phone system".**
 - **See FCC complaint levels**
 - **See Texas PUC**
 - **See MCI research**
- **BPP provides an even playing field and consumer focused competition. It also addresses above market compensation.**
- **The FCC should adopt the common service design submitted by Pacific Bell, MCI, GTE, and Southwestern Bell.**